

00414

1976/06/17

SECRET

Authority NWD 970570

By AT NARA Date 9/24/77NOT RELEASEABLE TO FOREIGN NATIONALS
NOT RELEASEABLE TO CONTRACTORS OR CONT...

6/17/76

PEOPLE'S REPUBLIC OF CHINA: FOREIGN POLICY
DEBATES AND THE SUCCESSION STRUGGLESummary

Intelligence reports and PRC media articles since Teng Hsiao-p'ing's rehabilitation in 1973 have been reviewed extensively for signs of leadership debate on China's foreign policy. The review has revealed no convincing evidence that foreign policy has been more than a tangential issue in recent years. The succession struggle appears to stem from personal and factional rivalries manifested almost entirely in domestic issues.

This does not mean that there has been no discussion of foreign policy. Deliberations on foreign policy were prompted by changes in the international situation; and, at different times, there were signs of disagreement within the leadership, especially with respect to three foreign policy issues:

- the degree to which China should pursue relations with the US;
- the question of US relations with Taiwan; and
- the issue of importation of foreign technology.

Nevertheless, there is no evidence of substantial challenge to the basic PRC foreign policy line of strong anti-Sovietism and improvement of relations with the West, which was endorsed at the 10th Party Congress in August 1973. The policy of normalization with the US

SECRET/XGDS-1,2

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

Report No. 491
June 17, 1976

~~SECRET~~

DECLASSIFIED

Authority NWD 970570
By AT NARA Date 9/21/07

- ii -

appears to have been broadly accepted, although during 1973 Chou En-lai faced some resistance over the issue. The left has usually pressed for a tougher stance on the issue of US withdrawal from Taiwan.

There has been considerable and persistent public disagreement over the importation of Western equipment and technology and, more recently, the export of PRC mineral resources to pay for these imports; the left has pressed for greater self-reliance and cautioned against subservience to imperialism.

* * * * *

DECLASSIFIED

Authority NM 970570
By AT NARA Date 9/24/77

SECRET

Introduction

During the past few months of political turmoil in China, Peking's signals that its foreign policy will not change have been accompanied by manifest continuity in the conduct of its foreign affairs. Leftist media attacks on Teng Hsiao-p'ing have focused almost entirely on domestic issues and have given no sign that he was purged for reasons linked to foreign affairs. The possibility remains that in the future the left--particularly if placed on the defensive--will attempt to smear Teng and other "capitalist roaders" with charges of pro-Sovietism, but it seems likely that if there were valid evidence with which to attack Teng on this issue, the left would have done so by now.

These considerations support the conclusion that the power struggle has been a highly personalized, factional conflict between (a) those who were on the offensive in the Cultural Revolution--leftists such as Chang Ch'un-ch'iao, Yao Wen-yuan, Chiang Ch'ing, and Wang Hung-wen; and (b) those who were purged in that event and later regained positions of power--most notably Teng.

The leftists had resisted Teng's comeback; they apparently feared that he would "take revenge" if he were permitted to achieve a position of pre-eminent power. Teng, for his part, feared that the left might attack him again after Chou's death. To forestall that eventuality he made a series of moves last summer to consolidate his power. One was a largely unsuccessful attempt to rehabilitate some of the most notorious purge victims of the Cultural Revolution. Instead of securing his position, Teng provoked the leftists into a counterattack that won Mao's backing and brought Teng down.

This personal and factional struggle surfaced differences over domestic policies. In 1975, for example, there were specific clashes over policies on education, agriculture, and the use of material incentives to boost production. Last year's decision to modernize the PRC military stemmed in part from

DECLASSIFIED

SECRET

Authority NND 970570
By AT NARA Date 9/2/07

- 2 -

... perception of an increased Soviet threat, but there is no evidence of major disagreement on the foreign policy aspects of that decision.

Although there is no evidence that Teng was opposed because of his foreign policy, there is evidence that there have been differences over several foreign policy questions-- notably, US-Chinese relations, the Taiwan question, and the importation of foreign technology. Below is a review of recent debates on foreign policy issues, beginning with the summer of 1973, shortly after Teng reappeared in Peking.

The 1973 Deliberations on Policy Toward USSR and US

Key foreign policy discussions took place in the months before the 10th Party Congress was held in August 1973. In March of that year, the Soviets had offered to compromise on border issues, and in June they had proposed a non-aggression pact. These gestures required a PRC response.

There was a temporary lapse in anti-Soviet propaganda, but there is no evidence that any Chinese leader advocated responding favorably to these two Soviet initiatives. Peking dismissed them as Soviet attempts to gain leverage in the upcoming June Nixon-Brezhnev summit meeting in Washington.

In any case, the foreign policy line ratified by the congress revealed a decision to continue a strongly anti-Soviet foreign policy; the absence of convincing evidence of debate on Soviet policy after August 1973 suggests there was a fairly broad consensus on that issue. The new line continued to warn of the Soviet threat to China but for the first time proclaimed that the main danger of Soviet attack was to the West. This formulation may have reflected a greater sense of PRC security in the near term vis-a-vis the USSR as a result of:

- the success of China's "opening to the West";
- the improvement of China's defense and the leveling off of the Soviet border buildup;
- China's achievement of a limited nuclear deterrent vis-a-vis the USSR.

However, there was heightened concern in the summer of 1973 over the implications for China's long-term security interests of improved US-Soviet relations and of East-West detente. The new foreign policy line warned that the West was trying to "urge the Soviet revisionists eastward to divert the peril

SECRET

Authority NWD 970570
By AT NARA Date 9/24/97

- 3 -

toward China." The Nixon-Brezhnev summit, the opening of CSCE and NBFR talks, and the heavy US bombing of Cambodia that began in February 1973 left Chou and his supporters vulnerable to charges that China was conceding too much to the US at a time when the US was still a threat to peace in Asia and was not working against Soviet interests.

According to a reliable clandestine source, a report on the Nixon-Brezhnev summit prepared by the Chinese Foreign Ministry concluded that "collusion between the two superpowers" was increasing and would adversely affect China's interests. Mao reportedly repudiated this report; shortly thereafter, the assistant foreign minister in charge of US affairs was suddenly transferred, and the debate seems to have ended. The new foreign policy line set forth by the 10th Party Congress in August characterized the US-Soviet "collusion" as "transitory" and stressed the permanence of superpower contention, thereby providing a platform for PRC efforts to undermine detente and reaffirming the underlying rationale for Sino-US relations.

Through the summer of 1973, normalization with the US developed rapidly. The liaison offices had been established in May, and trade and other exchanges were increasing. The appearance of so prominent a leftist as Chiang Ch'ing with visiting American sports and cultural groups seemed to symbolize broad acceptance of the policy of normalization. Nevertheless, there is some evidence that at least certain aspects of China's expanding relationship with the US were being questioned.

--In mid-August 1973, a PRC diplomat abroad said that Dr. Kissinger's then-scheduled August visit had been postponed so that Chou could obtain Central Committee approval for China's US policy. The diplomat said: "Chou must be particularly careful when dealing with a superpower like the US in order to minimize his difficulties with the party and avoid criticism at home."

--The same source later claimed that the end of the US bombing of Cambodia in mid-August 1973 strengthened the hand of Chou and the Foreign Ministry in dealing with a small group of party elements in the PLA who found it hard to accept detente with the US and Japan.

--Chou En-lai's speech at the 10th Party Congress in August 1973 was clearly defensive in its advocacy of compromise with the US as a necessary evil to counter the Soviet threat. In contrast, leftist Wang Hung-wen, who delivered the other major congress address, hinted at a

DECLASSIFIED

SECRET

Authority NWD 974570
By AT NARA Date 9/2/07

- 4 -

policy that would be more equidistant from both the US and the USSR by giving equal stress to the danger of surprise attack from either "superpower."

Despite evidence that the government had some difficulty justifying relations with the US in briefings following the congress, the top-level leadership seems to have forged a consensus by August 1973 that China's security interests were best met by continuing to improve relations with the US.

PRC Policy Toward the USSR Since 1973

A change in emphasis in the PRC foreign policy line followed the Vladivostok summit of late 1974. Previously, the PRC had said that while war was possible, world revolution was the main trend in international affairs. Now, the new emphasis, formalized by Chou En-lai at the January 1975 National People's Congress, stressed the potential for war, blamed the USSR for the danger, and at times dropped all references to revolution. This much more pessimistic view of the world situation grew blacker throughout 1975, as the leadership perceived a shift in the world balance of power toward the Soviet Union. With the fall of Saigon, the conclusion of the CSCE agreement, the continuing SALT II negotiations, and Angola, the decibel level of the PRC's anti-Soviet anti-detente rhetoric rose sharply.

It would seem that, given what they perceived as the relative growth of Soviet power and the decline in Western resolve, some Chinese leaders might have questioned the wisdom of continuing to alienate the USSR and advocated a toning down of Peking's anti-Soviet polemics. But a review of the available information for signs of debate over Peking's basic Soviet policy from the August 1973 congress to the present disclosed only tenuous hints of such debate and no convincing evidence that a change in PRC policy toward the USSR was seriously considered.

--Certain articles by leftists in late 1973 and 1974 which addressed Sino-Soviet relations through historical analogy did not seem to infer that any Chinese leader was pressing for a more conciliatory policy vis-a-vis the USSR. Rather, those articles smeared opponents with the charge that their domestic program would weaken the country and was tantamount to a policy of "national capitulation" to China's enemies. At the same time, the defensive tone of the articles suggested that, at unspecified times, the left had been criticized for advocating a reckless policy of increased hostility toward the Soviets and for opposing improved relations with the US.

DECLASSIFIED

Authority NNT 97457.0

By AT NARA Date 9/21/07

SECRET

- 5 -

--Other leftist articles in 1975 seemed to be arguing for China's independence from both superpowers, as opposed to those who would "beg for peace and tranquility" and "rely on imperialism in conducting foreign affairs and manufacturing guns." This suggests that leftists are less willing than moderates to maintain normal lines of communication with the USSR, and to cooperate with the West in security matters.

--The September 1975 "Water Margin" campaign, which attacked unspecified individuals seeking to "capitulate" to "revisionism," appeared aimed at domestic backsliding and not at capitulation to the USSR. Recent media items have confirmed this impression, by making clear that the campaign was aimed at Teng's handling of domestic issues and by omitting any reference to his conduct of foreign affairs.

China's release of the Soviet helicopter crew in December 1975 has been regarded by some as a possible indication that some PRC leaders might be seeking to conciliate Moscow. The sparse information available indicates, however, that the regime wanted to remove an unnecessary irritant in state relations without changing its basic policy of staunch opposition to the USSR; a side benefit to Peking was that it served to undercut Moscow's anti-Chinese line in domestic and socialist and Third World circles.

A key factor in the timing of Peking's release of the crew may have been the opportunity to trade it for the return of several members of the PRC militia held by the USSR. Soviet Foreign Ministry officials and Chinese officials in Moscow have said that some Chinese were freed soon after the crew release, although both sides deny any prior agreement to an exchange. Since the crew's release, Peking has continued its strident anti-Soviet diplomatic and propaganda line.

US Policy on Taiwan

Leftist disagreement with Chou's handling of US relations, which, as noted above, was evident at the 10th Party Congress in August 1973, surfaced again in the spring of 1974. To judge from clandestine reports, Peking had expected normalization of relations with the US to be completed in 1974. However, the apparent lack of US forward movement as a result of Watergate developments in 1973-74, the granting of new ROC consulates in the US in January 1974, and the appointment of a new ambassador to Taipei in March 1974 seemed to prompt the left to demand a tougher stance on Taiwan.

DECLASSIFIED

SECRET

Authority NWD 970570
By AT NARA Date 9/2/07

- 6 -

This criticism abated in mid-1974, perhaps because the campaign to criticize Lin Piao and Confucius swung in favor of the moderates, or because it was deemed inopportune to press Washington on the issue in the midst of a change in US administration. Nevertheless, Peking has continued to remind the US that it has not forgotten its claim to Taiwan.

--In March 1975, a last-minute attempt to insert into the US program of a visiting PRC cultural troupe a song proclaiming "we shall certainly liberate Taiwan," resulted in the cancellation of the tour. This attempt may have been initiated by leftists, whose strength lies in the cultural sphere. The same song was presented during the February 1976 Nixon visit and the April Congressional Delegation visit.

--In late February and early March 1976, several PRC officials expressed to foreigners varying degrees of "concern and dismay" on the part of the Chinese leaders over the lack of progress in normalizing Sino-US relations; one official quoted Chairman Mao as saying "this Taiwan question should not drag on like this."

--PRC media expressed disapproval of Senator Goldwater's pro-Taiwan China speech in late March 1976.

It is impossible to judge the extent of differences in Peking on the issue of Taiwan, but there seems to be a consensus to be "patient" about normalization at least until after the 1976 US elections.

"Self-Reliance" and the Importation of Foreign Technology

Debate on how to "preserve the Chinese essence" while importing Western knowledge and material goods has had a long history in modern China, and it has continued to the present. There is evidence of leftist dissatisfaction with the rapid expansion, beginning in 1972, of PRC economic relations with the West.

--The purchase of Boeing aircraft from the US in 1972-73 reportedly caused sharp debate among Chinese leaders and Chou had to defend the policy of trade with the West.

--In the summer of 1973, Chiang Ch'ing reportedly criticized a trip report by a Chinese technical delegation to the US, which described in glowing terms all China could learn from the West; Chou is said to have suppressed Chiang's critical rewrite of the report.

DECLASSIFIED

Authority NWD 970570

By AT NARA Date 9/21/77

SECRET

- 7 -

--During the 1974 campaign to criticize Lin and Confucius, numerous articles in leftist journals warned that opening China's doors to Western countries was as dangerous as earlier dealings with the Soviet Union and criticized unspecified individuals for adopting a "philosophy of slavery to foreign things."

--During April 1976, a Red Flag article criticizing Teng sharply attacked the whole range of China's recent expansion of trade with the West, and several reports have indicated that the Ministry of Foreign Trade is currently being criticized for China's large trade deficit.

There is also evidence of disagreement over the export of China's natural resources as a means of paying for imports from Japan and the West.

--A leftist article of October 20, 1975, specifically warned against "offering China's material resources to the world" and "allowing international joint efforts to develop Chinese industry."

--Teng told a visiting West German delegation late in 1975 that China must do a lot of thinking about the whole question of mineral exploitation and export, and at about the same time, Li Hsien-nien explained to other West Germans that "younger men" are reluctant to export raw materials.

--In February 1976 a Chinese diplomat in Tokyo warned that Japan's inability to conclude a long-term oil agreement with China would strengthen the arguments of those who opposed the large-scale export of PRC resources. Clandestine reports indicated that by April the Foreign Trade Ministry was being criticized specifically for its policy on oil exports.

--An article in the March 5 People's Daily castigated Teng for "turning China into a colony providing raw materials for imperialism and social imperialism."

While disagreement within the PRC leadership over trade policy continues to be unresolved, numerous clandestine reports indicate that PRC trade officials are becoming quite cautious in making future commitments. In late May, a PRC official in Tokyo, just returned from Peking, forecast a substantial decrease in China-Japan trade in 1976, particularly in oil, fertilizer, steel, and whole plants. He made it clear to Japanese trade officials that there was no hope for further

DECLASSIFIED

Authority NDA 970570By AT NARA Date 9/24/97

SECRET

- 8 -

negotiations of a long-term oil agreement between the two countries. Such evidence of response to leftist pressure (fortified by current economic reality) points to greater selectivity in purchases of foreign plants and technology, fewer commitments for export of raw materials, and renewed attention to the traditional policy of balanced imports and exports.

Prepared by C. L. Hamrin *CH*
x20511

EXEMPT FROM DECLASSIFICATION
SCHEDULE E.O. 11652: SB (1), (2)
(Classified by R. Kirk)

Approved by H. E. Horowitz *HF*
x21338

SECRET/NOT RELEASABLE TO FOREIGN NATIONALS/NOT
RELEASABLE TO CONTRACTORS OR CONTRACTOR-CONSULTANTS